

# Congress of the United States

Washington, DC 20510

July 25, 2008

Mr. Douglas Shulman  
Commissioner  
Internal Revenue Service  
1111 Constitution Avenue, NW  
Washington, DC 20224

Dear Commissioner Shulman:

We write to urge the Internal Revenue Services ("IRS") to expedite the publication of any guidance or notices that it intends to issue in response to the Gulf Coast tax relief that Congress included in HR 3221, the Housing and Economic Recovery Act of 2008. The President's staff has indicated that he will sign this bill into law in the coming days.

As you know, the IRS concluded that homeowners who took casualty losses in 2005 due to damage to their homes and subsequently received rebuilding grants from their particular states must include the grant in their income as a "tax benefit" in the year they received it. This decision has created an enormous tax burden on thousands of Gulf Coast residents.

HR 3221 enables homeowners to amend their 2005 tax returns to reduce or eliminate the casualty losses that they recently reported. In turn, they will not have to pay tax on their Road Home grants. If they already paid tax on their rebuilding grants, they can amend both their 2005 returns and their returns in the year that they received the grant.

It is incredibly important that the residents of the Gulf Coast take advantage of this relief as quickly as possible. We therefore request that the IRS expedite the publication of any guidance or notices to ensure that the IRS' Washington, D.C. office and the IRS' field offices are providing consistent advice.

By expediting any guidance, we can ensure that the people of the Gulf Coast have the financial certainty they need to grapple with this tax. It will also avoid filing mistakes or other issues that may arise due to a lack of clarity.

We have enclosed the relevant portion of the legislation for your review. In the mean time, if you have any questions regarding the foregoing, please do not hesitate to contact us.

Sincerely,



Mary L. Landrieu  
United States Senator



Charlie Melancon  
United States Representative